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June 06, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO REVISE EXPENDITURE CAP FOR VEHICLE
MAINTENANCE AND REPAIR SERVICES CONTRACT
(ALL DISTRICTS – 3 VOTES)**

SUBJECT

Request to revise the vehicle maintenance and repair services contract expenditure cap with G4S Fleet Services, LLC.

IT IS RECOMMENDED THAT YOUR BOARD:

Revise the annual expenditure cap from \$5.6 million to \$6.2 million with G4S Fleet Services, LLC.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

ISD provides fleet maintenance and repair services to County departments, except Sheriff, Fire, and Public Works, using a combination of contract staff and County personnel (Mall Garage).

On December 1, 2009, your Board approved ISD's current fleet maintenance and repair services contract with G4S Integrated Fleet Services, LLC ("G4S"), formerly All Star Fleet Services, LLC. By motion of Supervisor Knabe, your Board also instructed ISD to provide quarterly reports on actual contract expenditures, and return to your Board for approval if annual expenditures were forecasted to exceed \$5.6 million.

When your Board approved the G4S contract in 2009, ISD estimated the first year contract costs at \$5.6 million based on historical contract costs and projected volume under the new contract rates. ISD's estimate of \$5.6 million was intended to provide a benchmark for the expected average volume of business.

However, because this is a fee-for-service contract, contract costs fluctuate based on demand for fleet services by County departments. For the first two years of the contract, G4S contract expenditures remained within the \$5.6 million expenditure cap. However, for the current fiscal year, ISD anticipates that contract costs will increase to approximately \$5.7 million.

Several factors have contributed to an increased demand for fleet repair and maintenance services in Fiscal Year (FY) 2011-12:

- Body shop work increased as departments found it more cost-effective to repair and refurbish older vehicles than to buy new.
- Departments improved their adherence to preventive maintenance schedules. Due to the County's liability reduction efforts, departments increased fleet preventive maintenance services by 12 percent over last fiscal year. Compliance with regular maintenance schedules will decrease vehicle repair costs over time, but in the short term may increase repairs due to inadequate past maintenance.
- Regulatory compliance required the installation of diesel particulate exhaust filter and other technologies on heavy duty vehicles exceeding 14,000 pounds gross vehicle weight.

Implementation of Strategic Plan Goals

The recommended contract supports County Strategic Plan Goal Number 1 (Operational Effectiveness) by effectively managing County resources and providing efficient and responsive vehicle maintenance and repair services countywide.

FISCAL IMPACT/FINANCING

The contract terms provide for payment to the contractor on a fee-for-service basis. There is no guaranteed workload. Departments are only charged for repair costs as they are incurred.

Based on historical data, ISD anticipated first-year contract costs to be approximately \$5.6 million, compared to \$5.7 million in FY 2008-09 under the prior contractor (JCI).

In FY 2010-11, G4S contract expenditures were within the \$5.6 million annual cap at \$5.2 million. However, based on expenditures through March 2012, we anticipate that fleet contract costs will total approximately \$5.7 million in FY 2011-12, exceeding the contract expenditure cap.

Contract spending is expected to fluctuate with County service requirements. To provide the operational flexibility needed to maintain the County's vehicle fleet, ISD requests that your Board raise the annual contract expenditure cap to \$6.2 million for FY 2011-12 and future fiscal years.

ISD has sufficient appropriation for the recommended expenditure cap adjustment in its FY 2011-12 adopted budget and FY 2012-13 proposed budget. Fleet expenditures are authorized by, and billed to, the County departments that own the vehicles.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The contract terms and conditions remain in effect as approved by your Board. The contract rates are fixed for the initial three (3) year term of the contract: February 1, 2010 through January 31, 2013.

This contract is subject to the Living Wage Program (County Code Chapter 2.201). As such, the contractor pays a minimum of \$11.84 to its employees providing services under this contract and contributes toward an employee health plan.

CONTRACTING PROCESS

On December 1, 2009, your Board approved the vehicle fleet maintenance and repair services contract with G4S Integrated Fleet Services, LLC, formerly known as All Star Fleet Services, LLC, with an effective date of February 1, 2010.

The contract with G4S Fleet Services, LLC provides the following vehicle maintenance and repair services: preventive maintenance, mechanical repairs, body repairs and paint for damage caused by accidents, abuse, and vandalism; tire service, towing, new vehicle preparation, motor pool services, vehicle inspections, and fleet maintenance support. This contract became effective February 1, 2010 for a period of three (3) years, with two (2) two-year renewal options and six (6) month-to-month extensions.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the increased expenditure cap will allow the County to continue to provide fleet maintenance and repair services for various County departments, and will ensure a continued well-maintained County fleet with no disruption in service.

CONCLUSION

Upon Board approval, the Executive Officer, Board of Supervisors, is requested to return one adopted stamped Board letter to ISD as well as two original signed contracts.

The Honorable Board of Supervisors

6/6/2012

Page 4

Respectfully submitted,

A handwritten signature in brown ink that reads "Tom Tindall". The signature is written in a cursive, flowing style.

TOM TINDALL

Director

TT:JS:MN

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Deputy CEO